

House File 819 - Enrolled

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HOUSE FILE 819

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1 3 AN ACT
1 4 RELATING TO ASSET DISREGARD UNDER THE MEDICAL ASSISTANCE
1 5 PROGRAM FOR THE PURCHASE OF A CERTIFIED LONG-TERM CARE
1 6 INSURANCE POLICY, PROVIDING FOR A REPEAL, PROVIDING A
1 7 CONTINGENT EFFECTIVE DATE, AND PROVIDING AN APPROPRIATION.
1 8
1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 10
1 11 Section 1. NEW SECTION. 249A.35 PURCHASE OF CERTIFIED
1 12 LONG-TERM CARE INSURANCE POLICY == COMPUTATION UNDER MEDICAL
1 13 ASSISTANCE PROGRAM.
1 14 A computation for the purposes of determining eligibility
1 15 under this chapter concerning an individual who is the
1 16 beneficiary of a certified long-term care insurance policy
1 17 under chapter 514H shall include consideration of the asset
1 18 disregard provided in section 514H.5.
1 19 Sec. 2. NEW SECTION. 514H.1 DEFINITIONS.
1 20 As used in this chapter, unless the context otherwise
1 21 requires:
1 22 1. "Certified long-term care insurance policy" means a
1 23 long-term care insurance contract that is issued by an insurer
1 24 or other person who complies with section 514H.4.
1 25 2. "Long-term care facility" means a facility licensed
1 26 under chapter 135C or an assisted living program certified
1 27 under chapter 231C.
1 28 3. "Long-term care insurance" means long-term care
1 29 insurance as defined in section 514G.4 and regulated in
1 30 section 514G.7.
1 31 4. "Qualified long-term care services" means qualified
1 32 long-term care services as defined in section 7702B(c) of the
1 33 Internal Revenue Code.
1 34 Sec. 3. NEW SECTION. 514H.2 IOWA LONG-TERM CARE ASSET
1 35 DISREGARD INCENTIVE PROGRAM == ESTABLISHMENT AND
2 1 ADMINISTRATION.
2 2 1. The Iowa long-term care asset disregard incentive
2 3 program is established to do all of the following:
2 4 a. Provide incentives for individuals to insure against
2 5 the costs of providing for their long-term care needs.
2 6 b. Provide a mechanism for individuals to qualify for
2 7 coverage of the costs of their long-term care needs under the
2 8 medical assistance program without first being required to
2 9 substantially exhaust all their resources.
2 10 c. Assist in developing methods for increasing access to
2 11 and the affordability of long-term care insurance.
2 12 d. Alleviate the financial burden on the state's medical
2 13 assistance program by encouraging the pursuit of private
2 14 initiatives.
2 15 2. The insurance division of the department of commerce
2 16 shall administer the program in cooperation with the division
2 17 responsible for medical services within the department of
2 18 human services. Each agency shall take appropriate action to
2 19 maintain the waiver granted by the centers for Medicare and
2 20 Medicaid services of the United States department of health
2 21 and human services under 42 U.S.C. } 1396 relating to
2 22 providing medical assistance under chapter 249A, in effect
2 23 prior to the effective date of this Act.
2 24 Sec. 4. NEW SECTION. 514H.3 ELIGIBILITY.
2 25 An individual who is the beneficiary of a certified long=
2 26 term care insurance policy approved by the insurance division
2 27 may be eligible for assistance under the medical assistance
2 28 program using the asset disregard provisions pursuant to
2 29 section 514H.5.
2 30 Sec. 5. NEW SECTION. 514H.4 INSURER REQUIREMENTS.
2 31 1. An insurer or other person who wishes to issue a
2 32 certified long-term care insurance policy meeting the
2 33 requirements of this chapter shall, at a minimum, offer to
2 34 each policyholder or prospective policyholder a policy that
2 35 provides both of the following:
3 1 a. Facility coverage, including but not limited to long=
3 2 term care facility coverage.
3 3 b. Nonfacility coverage, including but not limited to home
3 4 and community-based care coverage.
3 5 2. An insurer or other person who complies with subsection

3 6 1 may also elect to offer a certified long-term care insurance
3 7 policy that provides only facility coverage.

3 8 Sec. 6. NEW SECTION. 514H.5 ASSET DISREGARD ADJUSTMENT.

3 9 1. As used in this section, "asset disregard" means a one
3 10 dollar increase in the amount of assets an individual who is
3 11 the beneficiary of a certified long-term care insurance policy
3 12 and meets the requirements of section 514H.3 may retain under
3 13 section 249A.35 for each one dollar of benefit paid out under
3 14 the individual's certified long-term care insurance policy for
3 15 qualified long-term care services if the policy meets all of
3 16 the following criteria:

3 17 a. If purchased prior to January 1, 2005, provides
3 18 benefits in an amount equal to at least seventy thousand
3 19 dollars as computed on January 1, 2005.

3 20 b. If purchased on or after January 1, 2005, provides
3 21 benefits in an amount equal to at least seventy thousand
3 22 dollars as computed on January 1, 2005, compounded annually by
3 23 at least five percent, or an amount equal to at least the
3 24 minimum face amount specified by the commissioner of insurance
3 25 pursuant to subsection 3, whichever amount is greater.

3 26 c. Includes a provision under which the total amount of
3 27 the benefit increases by at least five percent, compounded
3 28 annually.

3 29 2. When the division responsible for medical services
3 30 within the department of human services determines whether an
3 31 individual is eligible for medical assistance under chapter
3 32 249A, the division shall make an asset disregard adjustment
3 33 for any individual who meets the requirements of section
3 34 514H.3. The asset disregard shall be available after benefits
3 35 of the certified long-term care insurance policy have been
4 1 applied to the cost of qualified long-term care services as
4 2 required under this chapter.

4 3 3. Beginning September 1, 2006, or one year after the
4 4 effective date of this Act, whichever is later, the
4 5 commissioner of insurance shall issue a bulletin annually on
4 6 that date, declaring the minimum face amount for policies to
4 7 qualify for the Iowa long-term care asset disregard incentive
4 8 program for the following calendar year. In making this
4 9 determination, the commissioner shall consult with the
4 10 division responsible for collecting data on average nursing
4 11 home costs in Iowa. Additionally, in making this
4 12 determination, the commissioner shall consider the current
4 13 average daily cost for three years of nursing home care and
4 14 other relevant information.

4 15 Sec. 7. NEW SECTION. 514H.6 APPLICATION OF ASSET
4 16 DISREGARD TO DETERMINATION OF INDIVIDUAL'S ASSETS.

4 17 A public program administered by the state that provides
4 18 long-term care services and bases eligibility upon the amount
4 19 of the individual's assets shall apply the asset disregard
4 20 under section 514H.5 in determining the amount of the
4 21 individual's assets.

4 22 Sec. 8. NEW SECTION. 514H.7 PRIOR PROGRAM ==
4 23 DISCONTINUATION OF PROGRAM.

4 24 1. If the Iowa long-term care asset disregard incentive
4 25 program is discontinued, an individual who is covered by a
4 26 certified long-term care insurance policy prior to the date
4 27 the program is discontinued is eligible to continue to receive
4 28 an asset disregard as defined under section 514H.5.

4 29 2. An individual who is covered by a long-term care
4 30 insurance policy under the long-term care asset preservation
4 31 program established pursuant to chapter 249G, Code 2005, on or
4 32 before the effective date of this Act, is eligible to continue
4 33 to receive the asset adjustment as defined under that chapter.

4 34 3. The insurance division, in cooperation with the
4 35 department of human services, shall adopt rules to provide an
5 1 asset disregard to individuals who are covered by a long-term
5 2 care insurance policy prior to the effective date of this Act,
5 3 consistent with the Iowa long-term care asset disregard
5 4 incentive program.

5 5 Sec. 9. NEW SECTION. 514H.8 RECIPROCAL AGREEMENTS TO
5 6 EXTEND ASSET DISREGARD.

5 7 The division responsible for medical services within the
5 8 department of human services may enter into reciprocal
5 9 agreements with other states to extend the asset disregard
5 10 under section 514H.5 to Iowa residents who had purchased or
5 11 were covered by certified long-term care insurance policies in
5 12 other states.

5 13 Sec. 10. NEW SECTION. 514H.9 RULES.

5 14 The insurance division of the department of commerce in
5 15 cooperation with the department of human services shall adopt
5 16 rules pursuant to chapter 17A as necessary to administer this

5 17 chapter. The insurance division shall consult with
5 18 representatives of the insurance industry in adopting such
5 19 rules. This delegation of rulemaking authority shall be
5 20 construed narrowly.

5 21 Sec. 11. Chapter 249G, Code 2005, is repealed.

5 22 Sec. 12. MEDICAL ASSISTANCE STATE PLAN AMENDMENT == WAIVER
5 23 == IOWA LONG-TERM CARE ASSET DISREGARD INCENTIVE PROGRAM.

5 24 1. The department of human services shall amend the
5 25 medical assistance state plan to provide that all amounts paid
5 26 for qualified long-term care services under a certified long-
5 27 term care insurance policy pursuant to chapter 514H, as
5 28 enacted in this Act, shall be considered in determining the
5 29 amount of the asset disregard.

5 30 2. The department of human services shall seek approval of
5 31 a medical assistance state plan amendment or make application
5 32 to the United States department of health and human services
5 33 for any waiver necessary to implement chapter 514H, as enacted
5 34 in this Act.

5 35 Sec. 13. CONTINGENT EFFECTIVE DATE == IOWA LONG-TERM CARE
6 1 ASSET DISREGARD INCENTIVE PROGRAM.

6 2 1. This Act shall not take effect until all medical
6 3 assistance state plan amendments and waivers necessary to
6 4 implement chapter 514H, as enacted in this Act, are approved
6 5 by the United States department of health and human services.
6 6 The department of human services shall notify the Code editor
6 7 if such approval is received.

6 8 2. If the requirement of subsection 1 is met, the program
6 9 shall begin no sooner than six months following the date that
6 10 the requirement is met.

6 11 Sec. 14. APPROPRIATION. There is appropriated from the
6 12 general fund of the state to the division of insurance of the
6 13 department of commerce for the fiscal year beginning July 1,
6 14 2005, and ending June 30, 2006, the following amount, or so
6 15 much thereof as is necessary, to establish an educational
6 16 program to inform Iowans regarding the Iowa long-term care
6 17 asset disregard incentive program and for up to the following
6 18 full-time equivalent positions:

6 19	\$	300,000
6 20	FTEs	2.00

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6 24 _____
6 25 CHRISTOPHER C. RANTS
6 26 Speaker of the House

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6 29 _____
6 30 JOHN P. KIBBIE
6 31 President of the Senate

6 32 I hereby certify that this bill originated in the House and
6 33 is known as House File 819, Eighty-first General Assembly.

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6 35
7 1
7 2 _____
7 3 MARGARET THOMSON
7 4 Chief Clerk of the House

7 5 Approved _____, 2005

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7 8 _____
7 9 THOMAS J. VILSACK
7 9 Governor